United States v. Sandy Annabi, et al.

Prepared Remarks for U.S. Attorney Preet Bharara

January 6, 2010

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Today, we unseal a 13-count indictment charging three prominent Westchester residents with federal corruption crimes:

They are:

1. Sandy Annabi, the former Democratic Majority Leader of the Yonkers City Council;

2. Zehy Jereis, the former Chairman of the Yonkers Republican Party; and

3. Anthony Mangone, a Westchester attorney.

Among other crimes, today's Indictment describes what was essentially a bipartisan corruption pact among Annabi, Jereis, and Mangone. Specifically, it charges Councilwoman Annabi with receiving more than $160,000 in secret payments from her co-defendants and others to allegedly influence her to change her vote on two significant development projects pending before the Yonkers City Council – while she served on that Council.

I am joined here today by our two partners in this and so many other important public corruption cases: the FBI, represented by Assistant Director in Charge Joe Demarest, and the IRS, represented by Special Agent in Charge Patty Haynes.

I also want to congratulate all from both the FBI and the IRS who were responsible for this investigation.

Finally, I want to express my appreciation to the fine career prosecutors who have worked so hard on this matter and have conducted a meticulous and thorough investigation: Assistant United States Attorneys Jason Halperin and Perry Carbone, as well as Chief Margery Feinzig and Deputy Chief Diane Gujarati in charge of our White Plains Division.

Let me take a minute to review the particular charges in today's Indictment.

By way of background, on November 6, 2001, Sandy Annabi was first elected to serve as a Councilwoman to represent the Second District of the City of Yonkers. She was reelected two more times, in 2003 and 2005, and served most recently as the Democratic Majority Leader.

In exchange for secret payments, we allege that Councilwoman Annabi abruptly changed her official position on at least two multimillion-dollar development projects pending before the Yonkers City Council, specifically: (1) the Longfellow Project and (2) the Ridge Hill Project.

The Longfellow Project

With respect to the Longfellow Project, a developer proposed to transform a tract of land located partially within the Yonkers City Council District represented by Ms. Annabi, by renovating two vacant and dilapidated schools into market-rate housing.

For years, Councilwoman Annabi was a forceful critic and opponent of this project. A timeline tells the story best:

[Visual Attached]

The Ridge Hill Development Project

The Indictment also lays out the facts surrounding Councilwoman Annabi's sudden about-face on the "Ridge Hill Development Project."

That was a project proposed by another developer to transform an 81-acre tract of land into retail shopping, restaurants, office space, and other uses. As with the Longfellow project, the Councilwoman was an outspoken critic of the Ridge Hill Project as well.

She voted against the project; she filed a civil lawsuit to block it; and she repeatedly rejected efforts by the Ridge Hill developer to persuade her.

That all changed over just a few days in June 2006. In June, the developer enlisted Jereis, who had been providing Annabi with tens of thousands of dollars in secret payments, to get Councilwoman Annabi's vote. And that is what he did. Within days of Jereis's involvement, Councilwoman Annabi did an about-face on the Ridge Hill project. What's more, that reversal was announced in a press release – drafted by Jereis and representatives of the developer.

And for his part, Jereis demanded, and received, a so-called consulting contract worth $60,000 a year from the Ridge Hill developer immediately after Councilwoman Annabi switched her vote.

Beyond these allegations, the Indictment also charges that – on three separate occasions for three different properties – Councilwoman Annabi engaged in mortgage fraud. She made a series of false statements in order to obtain favorable mortgages and home equity loans. Among other things, we allege that she:

1. misled banks about her liabilities;
2. lied about the source of her down payments;
3. and submitted fake pay stubs, doctored W-2s, and bogus bank statements.

Finally, the Indictment charges Councilwoman Annabi with filing false tax returns for tax years 2005 and 2006.

Conclusion

Now, when the people of Yonkers elected Sandy Annabi to the City Council, she swore an oath to faithfully discharge the duties of her office. But rather than keep her word, she betrayed Yonkers' residents by selling the most important assets any elected official has: her integrity and her independence.

Some of the most important decisions affecting the lives of ordinary citizens are made every day in City Councils across New York State. They make decisions about jobs, commerce, public safety, education, the environment – decisions that affect the basic quality of life of average people in our cities and towns.

The cost of corruption is nothing less than the public trust. That is a high price in a democracy, and according to the Indictment, Sandy Annabi's alleged price tag was almost $167,000.

In our down economy, there are too many buildings with "For Sale" signs hanging in the window; City Hall shouldn't be one of them.

Rooting out corruption by public officials is and will continue to be a central mission of this Office. The privileged and the powerful are not special under the law.

And whether we find greed and corruption in the Yonkers City Council, in the New York City Council, or for that matter, in the boardrooms and executive suites of Wall Street, we will investigate and prosecute it.

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